

**Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554**

In the Matter of	)	
	)	
Federal-State Joint Board on	)	CC Docket No. 96-45
Universal Service	)	
	)	
1998 Biennial Regulatory Review -- Streamlined	)	CC Docket No. 98-171
Contributor Reporting Requirements Associated	)	
With Administration of Telecommunications	)	
Relay Service, North American Numbering Plan,	)	
Local Number Portability, and Universal Service	)	
Support Mechanisms	)	
	)	
Telecommunications Services for Individuals with	)	CC Docket No. 90-571
Hearing and Speech Disabilities, and the	)	
Americans with Disabilities Act of 1990	)	
	)	
Administration of the North American Numbering	)	CC Docket No. 92-237
Plan and North American Numbering Plan Cost	)	NSD File No. L-00-72
Recovery Contribution Factor and Fund Size	)	
	)	
Number Resource Optimization	)	CC Docket No. 99-200
	)	
Telephone Number Portability	)	CC Docket No. 95-116
	)	
Truth-in-Billing and Billing Format	)	CC Docket 98-170

**COMMENTS OF THE  
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**COMMENTS OF THE  
AD HOC TELECOMMUNICATIONS USERS COMMITTEE**

The Ad Hoc Telecommunications Users Committee (“Ad Hoc” or “the Committee”) hereby submits its comments in response to the Commission’s December 13, 2002 *Further Notice of Proposed Rulemaking* (“*Further Notice*”) in the above-captioned proceedings.<sup>1</sup> As described in greater detail below, because a telephone numbers-based universal service scheme best serves the

statutory goals set forth in Section 254 of the Communications Act of 1934, as amended (“Communications Act”), the Commission should implement such a plan. Such a numbers-based assessment scheme should not, however, require differing contribution obligations for business and residential customers.

## I. INTRODUCTION AND SUMMARY

In the instant *Further Notice*, the Commission seeks to develop further the record on alternative proposals to assess universal service contributions by requesting comment on three possible assessment methods.<sup>2</sup> The fundamental issue is which of the assessment methodologies described in the *Further Notice* will best serve the statutory requirements of Section 254(b) of the Communications Act. Ad Hoc submits that basing universal service assessments on assigned telephone numbers is the best means of serving these requirements. A numbers-based assessment scheme is sufficient and sustainable, because all wireless and wireline connections to the public network require a North American Numbering Plan Number (“NANP”) number. Further, because providers are already required to track their numbering resources, a numbers-based assessment scheme adds little in the way of undesirable

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<sup>1</sup> *Federal-State Joint Board on Universal Service*, FCC 02-329 (rel. Dec. 13, 2002), 67 Fed. Reg. 79543 (Dec. 30, 2002) (“*Further Notice*”). By *Order*, DA 03-203 (rel. Jan. 24, 2003), the Commission has extended the comment deadline in this proceeding until February 28, 2003.

<sup>2</sup> Method one would impose a minimum contribution obligation on all interstate telecommunications carriers, and a flat charge for each end-user connection, depending on the nature or capacity of the connection. Method two would assess on all connections based purely on capacity (without regard to distinctions between residential/single-line business and multi-line business connections), and shared contribution obligations for each switched end-user connection between access and transport providers. Method three would assess on providers of switched connections based on their number of working telephone numbers. *Further Notice*, ¶ 72.

administrative overhead. A numbers-based methodology is also equitable and non-discriminatory because virtually all providers will contribute to the fund based either on working telephone numbers, capacity-based number equivalences for special access connections, or both.

Regarding implementation issues, all providers of telecommunications services should bear the same per-number assessment. There is no reasoned basis for discrimination or “deal-making.” In addition, because contributions would be based on telephone numbers assigned to end-users, participation, or not, in thousands-block pooling raises no implementation or equity concerns. Similarly, seasonal, intermittent use and toll free service numbers, and numbers associated with pre-paid CMRS instruments should be assessable when they are available for use and controlled by a customer. Because unique working telephone numbers are not associated with pre-paid calling cards, providers of such cards should be assessed on a revenue basis. Finally, there is no evidence that residential customers cannot afford to pay the same per-number USF charges as business customers, either initially or on a going forward basis. It would be arbitrary, unjust, unreasonable, and unreasonably discriminatory—and therefore violative of the Administrative Procedure Act and Sections 201(b), 202(a), and 254(b) of the Communications Act for the Commission to establish a rate structure under which multi-line customers pay more per telephone number or connection than residential customers.

## **II. A NUMBERS-BASED ASSESSMENT IS THE MOST SPECIFIC, PREDICTABLE, AND SUSTAINABLE ASSESSMENT METHODOLOGY**

In response to *ex parte* letters filed by Ad Hoc and AT&T, the Commission seeks comment “on the benefits and drawbacks of proposals to assess connections on the basis of telephone numbers.”<sup>3</sup> Specifically, under the Ad Hoc/AT&T Proposal, providers of telecommunications services that required North American Numbering Plan (“NANP”) numbers would be assessed based on assigned<sup>4</sup> numbers, and providers of special access and private lines would be assessed based on the capacity of the end-user connection.<sup>5</sup> In particular, for special access connections, each unit of capacity would count as one number. Thus, if the capacity equivalencies described in the Coalition for Sustainable Universal Service (“CoSUS”) proposal were used, a special access line that had a capacity of less than 1.5 Mbps would be assessed the same contribution amount as one NANP telephone number, a special access line that had a capacity of between 1.5 Mbps and 45 Mbps would be assessed the same contribution amount as five NANP telephone numbers, and a special access line that had a capacity of greater than 45 Mbps would be assessed the same contribution amount as 40 NANP telephone numbers.<sup>6</sup>

Each provider’s per number contribution obligation would be calculated as follows: the total universal service funding requirements divided by the total

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<sup>3</sup> *Further Notice*, ¶ 96.

<sup>4</sup> “Assigned numbers” are defined as “numbers working in the Public Switched Telephone Network under an agreement such as a contract or tariff at the request of specific end-users or customers for their use ....” 47 C.F.R. § 52.15(f)(1)(iii).

<sup>5</sup> *Further Notice*, ¶ 96 (*citing* Ad Hoc Oct. 3 *Ex Parte*; AT&T Oct. 22 *Ex Parte*).

<sup>6</sup> *Further Notice*, ¶ 82, n.179.

assigned “numbers” multiplied by the respective assigned “numbers” associated with each provider’s end-user service customers. Total assigned “numbers” would be equal to all NANP numbers assigned to end-users plus the number of capacity-based units derived from special access connections. The count of NANP numbers would include single line numbers, toll free numbers, 900 and 500 numbers, wireless numbers, and numbers associated with MLTSs (including DID numbers, assigned but spare numbers, and Centrex numbers). Mixed use private lines (*i.e.*, private lines used for both switched voice and data, such as channelized DS3) would be assessed based both on the number of assigned telephone numbers associated with that connection *and* the capacity of the connection. Numbers associated with Lifeline and Link-Up discounts would not be within the pool of numbers subject to the USF assessment.

A numbers-based assessment would ensure the long-term viability of the universal service fund through the implementation of a funding scheme that is sustainable, specific, and predictable. While there are a number of implementation details associated with a numbers-based system that need to be addressed, as described in this pleading, each of these issues can be dealt with in an equitable, non-discriminatory and administratively simple manner.

**A. A Numbers-Based Assessment Scheme is Consistent with the Policy Goals and Legal Requirements of Section 254, and the Jurisdictional Requirements of Section 2(b)**

A numbers-based means of assessing universal service contributions is consistent with Sections 254 and 2(b) of the Communications Act. First, consistent with Section 254(b)(5), a numbers-based scheme is sufficient and

sustainable because every wireless and wireline switched connection in the North American Numbering Plan requires a ten-digit number. A dialable number is required regardless of whether the customer subscribes to intrastate or interstate switched services and regardless of whether the customer subscribes to solely telecommunications services or a mix of telecommunications services and information services. Thus, the number of assigned telephone numbers—which reflects subscribership—is more stable than carrier revenue, which fluctuates with business conditions and carriers' marketing practices.

In addition, a numbers-based assessment methodology will not increase the administrative burden on carriers because, as pointed out in the *Further Notice*, the relevant numbers are already tracked by carriers and the FCC. In particular, pursuant to Section 52.15(f)(6) of the Commission's rules, telephone carriers that receive numbering resources must submit, on a semi-annual basis, "a five-year forecast of their yearly numbering resource requirements," and "a utilization report of their current inventory of numbering resources [that] classif[ies] numbering resources in the following number use categories: assigned, intermediate, reserved, aging, and administrative."<sup>7</sup> Thus, the FCC already has access to the assigned number data it needs to implement this means of assessing universal service contributions.

Consistent with Section 254(d) of the Communications Act, a numbers-based assessment scheme provides for "specific, predictable, and sufficient" universal service support by imposing "equitable and nondiscriminatory"

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<sup>7</sup> 47 C.F.R. §§ 52.15(f)(4)(i), (5)(i), (6)(i).



contribution obligations on “every telecommunications carrier that provides telecommunications services,” except to the extent that such a provider’s contribution would be *de minimis*.<sup>8</sup>

LECs and CMRS providers would contribute to the universal service fund based on the telephone numbers used by their customers, and long distance carriers would contribute based on the toll free (800, 888, 877, 866) 900, and 500 numbers used by their customers. LECs and long distance carriers also would be assessed capacity-based contribution for their special access connections. For each special access connection, the assessment would fall on the provider with the end-user relationship. Thus, this assessment scheme requires virtually all providers of telecommunications services to contribute to the universal service fund. Because Section 254(d) does not call for a minimum contribution from every provider, and the Commission is empowered to exempt providers whose contributions would be *de minimis*, a numbers-based scheme, like a connections-based scheme, is consistent with the requirements of Section 254.

A numbers-based contribution scheme would not raise questions about Section 2(b) limits on the FCC’s jurisdiction over intrastate telecommunications. In fact, as pointed out in the *Further Notice*, the Commission has plenary jurisdiction over numbering resources pursuant to Section 251(e)(1) of the Communications Act.<sup>9</sup> This broad jurisdiction over the inter- and intrastate aspects of telephone numbers within the United States was recently affirmed by the Second Circuit:

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<sup>8</sup> 47 U.S.C. § 254(d).

Section 251(e) explicitly grants the FCC "exclusive jurisdiction" over the North American Numbering Plan and its administration. 47 U.S.C. § 251(e). This explicit grant of authority provides the requisite "unambiguous and straightforward" evidence of Congress's intent to "override the command of § 152(b) that 'nothing in this chapter shall be construed to apply or to give the Commission jurisdiction' over intrastate service." *Louisiana Public Service Commission v. FCC*, 476 U.S. 355, 377 (1986). Additionally, as *AT&T* recognized, the 1996 Act specifically injected the FCC into the area of local competition, see *AT&T Corp. v. Iowa Utils. Bd.*, 525 U.S. 366, 381, n.6 (1999). Section 251(e) falls within this expansion of the FCC's jurisdiction; indeed, § 251 is included within the part of the 1996 Act entitled, "Development of Competitive Markets." Telecommunications Act, 110 Stat. at 61. We therefore conclude that § 251(e) grants the FCC authority to act with respect to those areas of intrastate service encompassed by the terms "North American Numbering Plan" and "numbering administration."<sup>10</sup>

The Commission should not allow arguments about Section 2(b) limits on its jurisdiction over intrastate services to stop it from imposing an assessment methodology based on telephone numbers. Because Section 251(e)(1) clearly gives the Commission jurisdiction over intrastate aspects of numbering resources, the FCC is empowered to use telephone numbers as the basis for a telecommunications provider's contribution obligations.

**B. The Implementation Issues Raised in the *Further Notice* Can Be Resolved In an Equitable and Non-Discriminatory Fashion**

In its *Further Notice*, the FCC raises a number of implementation issues for a numbers-based assessment methodology.<sup>11</sup> Ad Hoc believes these issues should be addressed as follows. First, telephone numbers associated with pagers and electronic fax services should be assessed the same amount as other telephone numbers. The Commission should not reduce or eliminate the

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<sup>9</sup> *Further Notice*, ¶ 96, n. 201.

<sup>10</sup> *People of the State of New York v. FCC*, 267 F.3d 91 (2d Cir. 2001).

assessment for telephone numbers associated with specific services. As pointed out by the FCC earlier in this proceeding, contributions to the universal service fund are a zero sum game, and to the extent one provider minimizes or avoids its contribution obligations, other providers must pick up the slack: “[I]f the Commission exempts a class of contributors, then the obligations of all remaining contributors increase.”<sup>12</sup>

There also is no reason to lower the assessments for carriers who do not participate in thousands-block pooling or to provide special treatment for seasonal or intermittent use numbers. As described in Ad Hoc’s Oct. 3 *Ex Parte*, assessments should be made on telephone numbers assigned to end-users, not on numbers in a provider’s inventory that are waiting to be assigned. It is irrelevant whether a carrier participates in thousands-block pooling and presumably has fewer numbers in its unassigned inventory, because such unassigned numbers would not be assessed. Regarding seasonal and intermittent use numbers, if these telephone numbers are available for use by only one customer, they should be assessable. On the other hand, if the number is returned to the pool of assignable numbers during the off-season, the number should not being assessable during this period of time.

In addition, consistent with the principle that only assigned, revenue-producing numbers should be assessable, toll free numbers held by Resp Orgs should only be assessable if they are assigned to end-users. Thus, toll free

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<sup>11</sup> *Further Notice*, ¶ 97.

<sup>12</sup> *Federal-State Joint Board on Universal Service* (Report to Congress), 13 FCC Rcd 11501, ¶ 130 (1998) (citing AT&T Comments).

numbers, which have not been assigned to a specific end-user, should not be assessable, while “assigned” toll free numbers should be assessable.<sup>13</sup>

Similarly, the numbers associated with pre-paid CMRS handsets should not be assessed while they are simply in a supplier’s inventory, pending a user’s prepayment and assignment of the handset to that user, but once the handset is placed in service, the number assigned to it should be assessable on a monthly basis until the unit is again removed from service.

Finally, providers of pre-paid calling cards should be required to contribute based on their end-user revenues multiplied by the USF contribution factor in effect the quarter before the numbers-based scheme takes effect. A revenue-based methodology, as opposed to a numbers-based one, is equitable for providers of pre-paid calling card service because such providers do not use telephone numbers.

**C. Assessment of Higher Capacity Services on a Tiered Basis Must Be Done Equitably and in a Manner that Does Not Distort Market Pricing Relationships**

The Commission asks about the reasonableness of the capacity-based tiers and corresponding multipliers proposed by CoSUS or the alternative capacity-based tiers and multipliers developed by the Commission.<sup>14</sup> Ad Hoc agrees conceptually with the decision to add a fourth tier that includes a higher assessment for higher capacity circuits, so long as the resulting charge:

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<sup>13</sup> A toll-free number has working status if it is “loaded in the Service Control Points and is being utilized to complete toll free service calls.” 47 C.F.R. § 52.105(a)(9). A toll-free number is assigned when it has “specific subscriber routing information entered by the Responsible Organization in the Service Management System database and is pending activation in the Service Control Points.” 47 C.F.R. § 52.103(a)(1).

(1) remains equitable to all classes of service; and (2) does not distort the market pricing relationships between services. Put simply, the multipliers should bear some relationship to the pricing crossover points for services grouped within the tiers. Either the CoSUS tiers and multipliers or the alternative levels specified by the Commission could satisfy these two criteria, with the basic per-number assessment rate set in the range estimated by the Commission in the *Further Notice* (i.e., just over one dollar per number).

Any plans that would increase the multipliers above those identified by the Commission would not be justified. As the table below identifies, the alternative tiers identified in the *Further Notice* pre-suppose cross-over points between Tier 1 and Tier 2, and Tier 2 and Tier 3 that are substantially higher than the actual pricing cross-over points found in the market. While a cross-over point targeted more closely to the market-level prices would be preferable, analysis Ad Hoc has conducted reveals that at a base charge level in the one-dollar-per-number range, the universal service assessment would not significantly distort the pricing relationships between typical high-capacity services, such as DS-1 and DS-3, regardless of whether the three-tiered multipliers proposed by CoSUS or the alternative four-tiered multipliers in the *Further Notice* were used. The use of a higher multiplier, or a significantly higher base charge, could change that.

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<sup>14</sup> *Further Notice*, ¶ 81.

**The Cross-Over Point associated with the Tier Weightings Proposed in the FNPRM greatly exceed those found in the ILEC's Special Access Tariffs.**

	Low Cross-Over SBC- Pacific Bell	High Cross-Over Verizon - North	CoSUS Weight	FNPRM Weight
DS0 - Digital	\$155	\$167	1	1
DS1	\$275	\$521	5	16
Cross Over	1.8	3.1	5.0	16.0
	Low Cross-Over SBC- Ameritech	High Cross-Over Bell South	CoSUS Weight	FNPRM Weight
DS1	\$346	\$380	5	16
DS3	\$2,480	\$4,075	40	226
Cross Over	7.2	10.7	8.0	14.1

Source: RBOC current Special Access Tariffs. Prices are those available in areas still regulated under price caps for a 10-mile, Zone 1 circuit offered under a the maximum OPP pricing plan term.

**D. There is No Justification for Assessing Business Numbers and Connections at a Different Rate Than Residential Numbers**

There are no sound legal or policy justifications for assessing business telephone numbers and connections at a different rate than residential connections.<sup>15</sup> Preliminarily, it is important to note that because a numbers-based assessment is extremely broad-based, the assessment per number is very low—approximately \$1.02 to \$1.07 per telephone number per month.<sup>16</sup> Given the magnitude of this surcharge, it is inconceivable that it will have a material impact on the annual budget of any American family.

Moreover, as described in Ad Hoc's earlier pleadings in this docket, the Commission cannot, on legal or policy grounds, justify any assessment methodology whereby business subscribers subsidize residential subscribers. As a matter of equity, it is not fair for business customers to pay more to support carrier payments to the USF while residential customers pay less. In fact, each customer who uses a telephone number to connect to the public network enjoys the same level of functional connectivity and should therefore pay the same per number charge and see their per-line charges increase in direct proportion to increases in funding requirements and decrease in direct proportion to growth in telephone numbers. To the extent that business users have a higher level of functional connectivity, the greater number equivalents derived from this increased capacity account for the higher level of functional connectivity. Thus, a numbers-based approach is fair to all classes of customers.

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<sup>15</sup> *Further Notice*, ¶ 88.

<sup>16</sup> See Ad Hoc Oct. 3 *Ex Parte* at 3 and Attachment A.

Ad Hoc has also pointed out that the record in this proceeding does not provide any evidence that requiring residential customers to make equitable contributions to the universal service program will have any adverse impact on telephone penetration. In particular, in its April 22, 2002 Comments,<sup>17</sup> Ad Hoc made the following points, none of which have been refuted:

- According to a study by Hausman *et al.*, “The elasticity of local phone service demand with respect to the basic access price [is approximately] —0.005.”<sup>18</sup> Thus, “a 10 percent price increase leads to only a 0.5 percent decrease in consumption of local service.”<sup>19</sup> Put another way, “a 10 percent rate increase [for local service] would mean a drop in telephone penetration from the current level of 95.1 percent to 94.6 percent.”<sup>20</sup> Because any increase in the price of local service due to residential customers paying an equitable portion of universal service funding would be considerably less than 10 percent, the corresponding drop in subscribership would be much less than 0.5 percent. In fact, the IAD reports an average residential rate for local service in Urban areas for 2001 of \$21.84.<sup>21</sup> Implementation of a numbers-based surcharge of approximately \$1.00 per month, assuming for argument the entire \$1.00 to be *new* expense, would equal less than a 5% increase in the total local service expense. Using Hausman’s elasticity factor, the impact on telephone penetration of such an increase would be about 2 tenths of 1%, or a drop from 95.1% to 94.9%. In reality, residential subscribers already have some universal service expense included in their local service bills (and likely included as part of the \$2.70 in monthly “fees” built into the FCC’s \$21.84 monthly local service expense number), meaning that phone service penetration levels would likely reduced by less than even a single tenth of a percent, if at all.

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<sup>17</sup> See Comments of Ad Hoc, CC Docket No. 96-45 (filed April 22, 2002), at 10-18.

<sup>18</sup> Jerry Hausman and Howard Shelanski, *Economic Welfare and Telecommunications Regulation: The E-Rate Policy for Telecommunications Subsidies*, 16 Yale J. on Reg. 19, \*38 n.85 (1999) (citing Jerry Hausman, *et al.*, *The Effects of the Breakup of AT&T on Telephone Penetration in the United States*, 83 Am. Econ. Rev. 178 (1993)).

<sup>19</sup> *Id.* at \*39.

<sup>20</sup> *Telephone Subscribership in the United States*, FCC Industry Analysis Division, (rel. Feb. 7, 2002) at 1, [http://www.fcc.gov/Bureaus/Common\\_Carrier/Reports/FCC-State\\_Link/IAD/subs0701.pdf](http://www.fcc.gov/Bureaus/Common_Carrier/Reports/FCC-State_Link/IAD/subs0701.pdf), Accessed April 17, 2002. (“*Telephone Subscribership*”).

<sup>21</sup> *Trends in Telephone Service*, FCC Industry Analysis Division (rel. May 22, 2002), Table 14.1.



- In surveys of households without phone service in Texas<sup>22</sup> and New Jersey,<sup>23</sup> a large majority of the respondents stated that they could afford basic local rates and were able to correctly identify the general magnitude of these rates. These studies further indicated that many households either discontinued service, or were disconnected from the network because of unpaid long-distance charges or high re-activation fees.
- Rather than observing an increase in the number of households without phone service as a result of the per line increase during the first annual period following this SLC increase, according to the FCC's own data, there was a *decrease* in the number of households without phone service.<sup>24</sup>
- The "average" American household spent only 0.59 percent of its annual income on local telephony in 2000, down from 0.85 percent in 1986.<sup>25</sup> Extrapolating that data to today, the average residential local service bill would need to sustain an increase of \$6.50 in per line charges *per month* (beyond the presently effective \$5.00 SLC) before it would account for a greater percentage of average annual household expenditures than local service did fifteen years ago.

This unrebutted evidence indicates that residential customers can afford to pay the same amount on a per number basis as business customers, both initially and prospectively, should there be a growth in the universal service fund. Moreover, because the numbers-based approach advocated by Ad Hoc exempts Lifeline and Link-Up subscribers from making any contributions to the universal service fund based on their landline phones, low income subscribers are protected. Therefore, it would be arbitrary and capricious for the Commission to

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<sup>22</sup> Hausman and Shelanski at \*49 n.103 (citing *Policy Research Project on the Evolution of Universal Telecomms. Serv. in Tex., The Evolution of Universal Service in Texas* 16-17 (Lyndon B. Johnson Sch. of Pub. Affairs Policy Research Project Report No. 116)).

<sup>23</sup> *Id.* at \*49 n.103 (citing Milton Mueller & Jorge Reina Schement, *Universal Service From the Bottom Up: A Study of Telephone Penetration in Camden, New Jersey*, 12 Info. Soc'y 273, 274 (1996)).

<sup>24</sup> *Telephone Subscribership*, Table 1.

<sup>25</sup> Calculations were performed by taking the Average Residential Rates for Local Service in Urban Areas as a percentage of Median Income in Current Dollars; results were extrapolated to represent the "average" American household. *Trends in Telephone Service, FCC Industry Analysis Division, Table 3.1, August 2001. Historical Income Tables - Households*, U.S. Census

use “affordability” as the basis for: (1) requiring business customers to contribute more, on a per number basis, than residential customers; (2) freezing residential, wireless, and single-line business universal service assessments and contributions, while allowing unlimited increases in multi-line assessments and contributions; or (3) allowing assessments on multi-line business numbers to increase quarterly while permitting only annual increases on residential, wireless and single line business numbers.

In addition, because residential customers can afford to pay for an equitable share of supporting the universal service fund, it would be unjust, unreasonable, and unreasonably discriminatory—and therefore violative of Sections 201(b), 202(a), and 254(b)—to establish a rate structure under which multi-line customers pay more, on a per-number basis, to support universal service. In particular, in *Texas Office of Public Utility Counsel v. FCC*,<sup>26</sup> the Fifth Circuit held that the obligation to ensure just, reasonable, and non-discriminatory rates applied to FCC-mandated access charges such as the SLC, as well as end-user rates and charges imposed by common carriers. Sections 201(a) and 202(b) similarly apply to the rate structure that results from a Commission-mandated Universal Service Fund cost recovery scheme. In fact, the Section 254, which established the current universal service program, specifically

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Bureau, Table H-8, <http://www.census.gov/hhes/income/histinc/h08.html> (accessed April 9, 2002).

<sup>26</sup> 265 F.3d 313, 425 (5<sup>th</sup> Cir. 2001) (“§§ 201(b) and 202(a)’s broader standard that interstate service rates be ‘just and reasonable’ without ‘unreasonable discrimination’ applies here [to access charges]”).

mandates that the rate structure established by the program must be “just, reasonable, and affordable.”<sup>27</sup>

Finally, because residential customers can afford to pay their fair share of universal service support, a Commission decision to require business customers to carry more of the universal service burden would not be rationally related to maintaining affordable residential service. As such, any requirement that multi-line connections subsidize residential customers would effectively unjustly discriminate against multi-line users in violation of the Equal Protection Clause.<sup>28</sup>

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<sup>27</sup> 47 U.S.C. § 254(b)(1).

<sup>28</sup> See *Zobel v. Williams*, 457 U.S. 55, 60 (1982) (An Alaskan statute distributing oil revenues to state citizens in varying amounts, based on how long the person has been a state citizen does not rationally further a legitimate state purpose).

### III. CONCLUSION

An assigned numbers-based universal service fund assessment methodology is, consistent with Section 254, specific, predictable, equitable and non-discriminatory. As such, the Commission should implement such a numbers-based scheme. Assigned numbers associated with residential, single line business, and CMRS subscribers should also be assessed at the same level as multi-line business customers. Such parity is essential because there is no justification for the Commission to discriminate against multi-line business subscribers for the sake of keeping USF assessments on residential, single line business, and CMRS subscribers artificially low.

Respectfully submitted,



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